

Internal Revenue Service

Department of the Treasury
P.O. Box 260, Newark, N.J. 07101

District
Director

Person to Contact:

Telephone Number:

Refer Reply to:

Date: MAY 16 1986

CERTIFIED MAIL

Gentlemen:

We have considered your application for exemption from Federal income tax under the provisions of section 501(a) and as an organization described in section 501(c)(7) of the Internal Revenue Code.

Section 501(c)(7) of the Code exempts organizations that are organized and operated substantially all for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder.

In your organization's case, the primary activity is providing transportation for the private benefit of the members and not for exempt purposes within section 501(c)(7). When a group of individuals associate to provide a service for themselves, they are serving a private interest. Section 501(c)(7) of the Code prohibits net earnings of the organization to benefit any person having a personal and private interest in the activities of the organization.

A flying club providing economical flying facilities for its members, but having no organized social and recreational program, does not qualify for exemption, Rev. Rul. 70-32 1970-1 C.B. 132. Since the sole activity of your club is rendering flying services to your members and there is no significant commingling of your members you would not qualify for exemption.

Accordingly, it is held that you are not exempt from Federal income tax under section 501(c)(7).

Publication 892. which accompanies this letter, describes your appeal rights fully should you decide to appeal this determination. If we do not hear from you within thirty days of the date of this letter this will become our final determination on the matter.

You will be required to file Federal income tax returns on Form 1120 (or other appropriate form) within two and one-half months following the end of your annual accounting period.

Sincerely yours,


District Director

Enclosure:
Publication 892